

1 Amend 2 Cal. Code Regs. section 18700 as follows:

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3 **§ 18700. Basic Rule; Guide to Conflict of Interest Regulations.**  
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5 (a) No public official at any level of state or local government may make,  
6 participate in making or in any way use or attempt to use his/her official position to  
7 influence a governmental decision in which he/she knows or has reason to know he/she  
8 has a disqualifying conflict of interest. A public official has a conflict of interest if the  
9 decision will have a reasonably foreseeable material financial effect on one or more of  
10 his/her economic interests, unless the public official can establish either: (1) that the  
11 effect is indistinguishable from the effect on the public generally, or (2) A conflict of  
12 interest is disqualifying if the public official's participation is not legally required.

13 (b) To determine whether a given individual has a disqualifying conflict of  
14 interest under the Political Reform Act, proceed with the following analysis:

15 (1) Determine whether the individual is a public official, within the meaning of  
16 the Act. (See Government Code section 82048; 2 Cal. Code Regs., ~~tit. 2,~~ § 18701.) If the  
17 individual is not a public official, he or she does not have a conflict of interest within the  
18 meaning of the Political Reform Act.

19 (2) Determine whether the public official will be making, participating in  
20 making, or using or attempting to use his/her official position to influence a government  
21 decision. (See 2 Cal. Code Regs., ~~tit. 2,~~ § 18702.) If the public official is not making,  
22 participating in making, or using or attempting to use his/her official position to influence  
23 a government decision, then he or she does not have a conflict of interest within the  
24 meaning of the Political Reform Act.

25 (3) Identify the public official's economic interests. (See 2 Cal. Code Regs.

1 ~~, tit. 2,~~ § 18703.)

2 (4) For each of the public official's economic interests, determine whether that  
3 interest is directly or indirectly involved in the governmental decision which the public  
4 official will be making, participating in making, or using or attempting to use his/her  
5 official position to influence. (See 2 Cal. Code Regs., ~~tit. 2,~~ § 18704.)

6 (5) Determine the applicable materiality standard for each economic interest,  
7 based upon the degree of involvement determined pursuant to California Code of  
8 Regulations, title 2, section 18704. (See 2 Cal. Code Regs., ~~tit. 2,~~ § 18705.)

9 (6) Determine whether it is reasonably foreseeable that the governmental  
10 decision will have a material financial effect (as defined in California Code of  
11 Regulations, title 2, section 18705) on each economic interest identified pursuant to  
12 California Code of Regulations, title 2, section 18703. (See 2 Cal. Code Regs., ~~tit. 2,~~  
13 § 18706.) If it is not reasonably foreseeable that there will be a material financial effect  
14 on any of the public official's economic interests, he or she does not have a conflict of  
15 interest within the meaning of the Political Reform Act. If it is reasonably foreseeable  
16 that there will be a material financial effect on any of the public official's economic  
17 interests, and the official does not participate in the decision, determine whether the  
18 official may segment the decision into separate decisions to allow his or her participation  
19 in subsequent decisions. (See 2 Cal. Code Regs. § 18709.)

20 (7) Determine if the reasonably foreseeable financial effect is distinguishable  
21 from the effect on the public generally. If the official can establish that the reasonably  
22 foreseeable material financial effect on ~~the public official's~~ his or her economic interest is  
23 indistinguishable from the effect on the public generally, he or she does not have a

1 conflict of interest within the meaning of the Political Reform Act. If the reasonably  
2 foreseeable material financial effect on the public official's economic interest is  
3 distinguishable from the effect on the public generally, he or she has a conflict of interest  
4 within the meaning of the Political Reform Act. (See 2 Cal. Code Regs., ~~tit. 2,~~ § 18707.)

5 (8) Determine if the public official's participation is legally required despite the  
6 conflict of interest. If the official can establish that his or her participation is legally  
7 required, he or she may participate in the governmental decision despite the conflict of  
8 interest. (See 2 Cal. Code Regs., ~~tit. 2,~~ § 18708.)

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10 NOTE: Authority cited: Section 83112, Government Code.

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12 Reference: Sections 87100 and 87103, Government Code.

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